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Thais Striving To Build Rice Production

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This week's cover:

Thai girl bundles rice seedlings to be replanted in paddies. Increasing rice production is receiving priority consideration in Thailand. See story beginning this page.

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Thailand Striving To Bu

By SAMUEL H. WORK
U.S. Agricultural Attaché, Bangkok

Thailand, which lost its position as No. 1 rice exporter in 1967, is on the move to get out of the rice production doldrums it's now in. The country apparently is not so much concerned about regaining that top export position—which the United States now holds—as it is about being able to keep shipments at the current 1.5-million-ton level.

Working in the country's favor is an ambitious program now underway to expand double cropping and raise rice yields. It will also be aided by a gradual consumer shift away from rice to wheat and other staples. On the negative side is the magnitude of the increase needed to satisfy a population growing by 3.2 percent yearly. Not to be discounted either are water shortages and other difficulties inherent in producing a second crop, plus producer resistance to crop improvement.

Some production facts

The rapid growth rate has carried Thai population to somewhere between 35.3 million and 36.4 million people, depending on the source of estimates. It is this million-person difference in estimates that has caused concern among government officials and led to reduced rice export targets in the 1967 and 1968 crop years. To feed 36.4 million people (at the current per capita consumption of 562 pounds of paddy and the latest rice yield of around ⅔ ton per acre) requires most of the output from 13 million acres of Thailand's rice lands. This leaves a maximum potential of 6.2 million acres of land that could be put into production for export. And harvesting this much has yet to be accomplished; in fact, only in the last 3 years of this decade has Thailand's harvested rice area exceeded 16 million acres. In essence, therefore, output from only about half of Thailand's potential 6.2 million export acres can be counted on for the foreign market in any given year.

Clockwise from left: Workers take up seedlings for transplanting; harvesting the rice; typical Thai irrigation system; a government-built conduit; and trying out a rice sprayer.

To Build Rice Production

To satisfy domestic needs, at current rates of food disappearance and population growth, and to sustain an annual export of 1.5 million tons of milled rice would require an expansion in total output to at least 18 million tons, paddy, by 1985. This would be a 45-percent increase over the estimated 1968-69 production of around 12.4 million tons.

The only ways to achieve such a gain are: (1) To increase yield per acre; (2) to produce two rice crops per year where possible; (3) to come closer to using potential rice acreage; (4) to reduce rice intake through substituting other cereals. Economically, this last point makes sense because wheat and corn are lower priced than rice. It is most difficult, however, to change cultural habits of a people over a short span of time. Thus, increases in yield and output appear the only solution that could be counted on.

With emphasis now being given to the second (dry season) rice crop in the lower Central Plain, there could be 2 million acres turning out a second crop of 3 million tons of paddy by 1985. Also assumed is that the regular monsoon-season area will encompass at least 14 million harvested acres in 1985. Hopes are to increase the average yield on these 14 million acres to 1.1 tons per acre. Should these goals be accomplished, the combined monsoon and dry season production would total around 18.4 million tons of paddy—a level that would be sufficient to maintain rice exports and to provide for food, seed, and other uses.

Can Thailand reach such a goal? The evidence is mixed, but Thailand has been making progress in expanding rice yield and double cropping and appears likely to further stress these points. A look at current developments in the rice industry will give some insight into the country's potential.

Greater inputs a production boon

Thai long-grain rices—both glutinous and nonglutinous white—rate among the top in world trade and are in great demand, particularly in Asia. With all the discussion about IRRI "miracle" varieties, it is sometimes forgotten that individual countries are also bringing improvements in their own rices. Here, Thailand is a leader and is cooperatively associated in this effort with the International Rice Research Institute. A number of Thai strains have been sent to the Institute for comparative studies on disease and insect resistance and, on occasion, to incorporate genes carrying these and other factors. Thailand is being further assisted by scientists of the Rockefeller Foundation—a cooperation that has already produced promising lines.

The search for improvement also includes chemical treatment of rice seeds and nuclear bombardment of the seeds, under FAO auspices, at the Thailand Atomic Energy for Peace Laboratory. Ten good Thai rice strains are being used in these studies, and the separation tests are now being made at several of the Rice Department's experiment stations.

These and other experimental strains are all high-quality long-grain rices, including nonglutinous whites that command especially high prices on the world market.

Improved rice, however, is largely ineffective without adequate fertilizer—something Thailand has been striving toward. Overall fertilizer use in the country rose from 141,000 tons (total weight basis) in the 1966 crop year to an estimated 200,000-250,000 tons in 1967. The trade estimates a 20-25 percent increase to a maximum of 300,000 tons in 1968 and gains of 25 percent yearly over the next 5 years.

Whether these goals are reached depends on competitive import prices and on lifting of the import ban now in effect for urea and ammonium sulfate. This ban was sought by the Chemferco plant at Mae Moh in northern Thailand, which is partly government owned and produces around 100,000 tons annually of the two products in question. Purpose of the ban reportedly is to allow reduction of company stocks.

Block farming tried, prices improved

In an endeavor to introduce new techniques and modern farming, the Thai Rice Department has since 1964 encouraged farmers to cooperate in large-scale demonstration areas. From only 92 farmers and 415 acres in 1964, these modern production areas increased to 107 blocks comprising 6,000 farms and 26,354 acres in 1967-68. Their yield that year averaged 60 percent more than production on individual farms.

Block farmers are members of the Rice Clubs which in 1966 worked 1,620,710 acres of land. If all this land could be put under the block system, rice output from that area could easily rise to 3.2 million tons of paddy. This would be about 1.7 million tons more than currently being produced in the area by Rice Club members not belonging to block farms (club members' yields are estimated to average around 1.0 ton per acre).

To operate a program such as this requires management and trained personnel—the lack of which has curtailed expansion. The program does, however, demonstrate foresight on the part of the Thai Government, since such areas ultimately could be worked by machine.

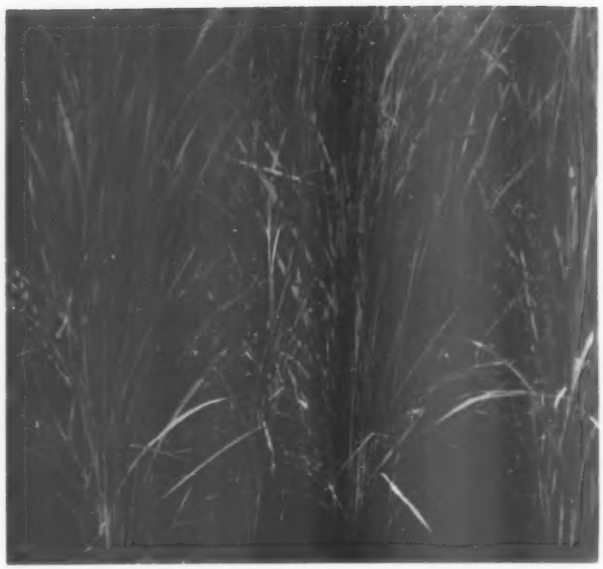
The market price of rice is another important factor in the production picture. Since 1965, the Thai Government has enhanced this by setting each year a basic price for paddy of different grades, delivered Bangkok (for 1968-69, the top price is about US$65 per ton). Price assurance has been a plus factor to recent crops that were otherwise retarded by inadequate precipitation and/or disease and pestilence.

With better rice prices, farmers have been able to buy and use more fertilizer and other inputs. Also, members of the Rice Club have the advantage of a government-subsidized price of roughly 10 cents per 2.2 pounds; nonclub members now also can buy fertilizer cheaper because commercial sources have lowered prices.

For monsoon-season rice, Thailand has developed some outstanding varieties of rice, which already are being utilized by a number of farmers. Some of the best monsoon strains now in use are listed in the following table:

Region	Variety	Kind	Experimental yield/acre
			Metric tons
North	Gam Pai 15	Glutinous	1.435
	Leuang Yai 34	Nonglutinous	1.265
Northeast	Gam Pai 41	Glutinous	.762
	Jao Leuang 11	Nonglutinous	.702
Central	Leuang Pratew 28	Nonglutinous	1.185
	Jao Leuang 11	Nonglutinous	1.087
	Gow Ruang 88 (floating rice)	Nonglutinous	1.117
	Pin Gaew 56 (floating rice)	Nonglutinous	1.992
	Nahng Chalawng	Glutinous	1.357
South	Nang Pa-Yah 132	Nonglutinous	.900

Note: These are all photoperiod sensitive and cannot be used in the dry season.



A productive rice field in Ban-ini district.

Some farmers using these strains have already achieved impressive yields on experimental plots of less than 1 acre. In 1966 (1967 was a bad drought year), for instance, the outstanding farmers in the rice competition trials produced 2.1 to 3.1 tons per acre, with the highest yield in the Central Plain from Leuang Pratew—a nonglutinous variety.

Second crop developments

The production of a second (dry season) crop is not new to Thailand. In the past some farmers in the Central Plain —rice bowl of Thailand—grew such rice to avoid monsoon floods. Moreover, the double cropping of rice has been practiced in some areas of northern Thailand for centuries.

It was not, however, until recently that the government became involved in an allout effort to expand dry-season production. This program—under the leadership of the Ministry of Interior and the Royal Irrigation Department—is still just a step beyond the development stage; in 1966-67, it covered only 168,000 planted acres, of which 125,600 were harvested. An unofficial estimate of the 1968 planted area is about 300,000 acres, with an estimated output of 450,000 tons, and the 1969 goal is 600,000 acres for a production of 750,000 tons.

Though the dry-season program is nationwide, it is most intensive in the Central Plain's Provinces of Nondburi, Nakorn Pathom, Pathumthani, Ayudhya, Supanburi, Lopburi, and Chacheongsao. Yields in some paddies here have increased to 1.25-1.50 tons per acre with the use of adequate water, fertilizer, and pesticides. And the average yield is 54 percent above average yields in the monsoon season.

For eventual use in the north and northeast, a promising new glutinous nonsensitive strain of rice has produced nearly 2.6 tons per acre on experimental plots. When seed is adequately available from this strain, or similar material is used by producers, a marked increase in output can be expected, especially since about three-fourths of the northern rice and nearly 90 percent of the northeast's is of this type.

There is good potential for substantially expanding the

second crop's acreage. There are, for instance, some 4.5 million acres in the Central Plan now under state irrigation control. And another 120,000 acres are under so-called people's irrigation projects around the edges of the Chao Phya State system.

While rice is not expected to become the sole second crop in these areas, just a million acres planted in the dry season could add an extra 1.5 million tons of paddy to the annual crop. And as highly productive experimental lines are released and water and pest control is improved, yield increases would further boost output.

Some handicaps to expansion

Essential to reaching such a goal are adequate water supplies and drainage. Currently, around 17 percent of the 28 million acres of arable land in Thailand are supposedly under irrigation, but efficiency of these systems is so poor that many rice farmers still must depend on rainfall. In addition, drainage is often a problem, on occasion causing floods.

This lack of a dependable irrigation system means that rice, especially in the lower Central Plain, must compete with a number of other crops and industries for scarce water. Priority, for instance, now is given to maintaining existing channels so they can support waterborne commerce, including ocean vessels, and remain free of salt water, which could adversely affect fruits, vegetables, and other products.

The result is that during the November-May dry season the 46-million-acre Central Plain (which includes 35 Provinces and 8 million acres of rice land) is virtually barren of crops aside from small acreages of fruits and vegetables. With water, all this could be changed; rice volume could be markedly increased, sorghum and similar crops could be grown on the fine clay soils, and almost any crop could be produced on upper-level nonalluvial soils.

Under international auspices, the mighty Mekong River is to be harnessed for multipurpose use. But for Thailand, the entire benefit is currently planned for the northeast, which has the poorest and thinnest soils of the Kingdom and produces the less desirable glutinous rice. Greatly increased rice production here might be of limited economic benefit, especially in view of the farms' long distances from market and the inadequate large-scale storage and milling facilities.

It would seem more desirable, therefore, to divert a goodly portion of this new water to the Central Plain by tunnel or pumps if economically possible.

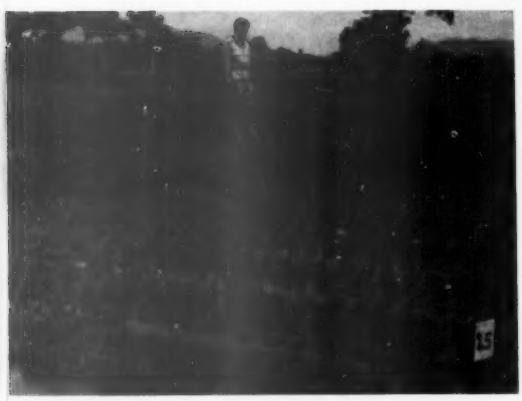
Also inhibiting rapid crop increase in the Central Plain is the high degree of tenancy—up to 50 percent in some areas, according to studies by the Department of Land Development. Tenure is for only 1 year, and half of a tenant's crop must go for rent. The Department of Land Development is now purchasing such estates.

Successful implementation of this program should have a salutary effect in increasing production in the Central Plain.

A final obstacle is the attitude of the farmer himself. A story told by a British author and long-time resident of Thailand illustrates this point. He recounted, "When FAO technicians were trying to convince a farmer of the material advantages of dry-season production, the farmer replied: 'Why? If I do this there will be no time for fiestas and lovemaking.' "

That many farmers now do not react this way is evidenced by the progress already being made toward growing two crops a year and toward more efficient production practices.

Clockwise from left: A typical threshing area in Bang-len district; another site, where the threshing process is actually underway; and one of the important elements in Thailand's rice expansion program—a rice demonstration plot.



Grain-Storage Shortage Plagues the USSR

The near-record 1968 grain crop in the USSR left in its wake sizable storage problems—both for the government and for the farms.

Of the 169.2 million metric tons of grain (bunker weight) produced in 1968, the state purchased 69.0 million tons (accounting weight). Of the grain left on farms,[1] only 26 million tons reportedly were initially put into buildings adequately designed and built for the purpose. The rest was said to have been stored in a haphazard manner following harvest; obviously this included open and poorly protected storage.

Storage problems also continued to exist for government-purchased grain. A. N. Platonov, Director of the Department of Planning and Economics of the State Committee on Purchases, has stated that even by the end of 1970 there will be a 16-million-ton deficit in government storage capacity.

The bumper proportions of the USSR crop in 1968 admittedly caused more than 10 million tons of grain to be piled on the ground, and this grain remained in the open until December. The problem was especially acute in the Russian Soviet Federated Socialist Republic (RSFSR), where even before last year granaries were already partially filled by grain harvested "in earlier years" (primarily the 1966 record crop year). In many areas high moisture content and large amounts of foreign material further complicated storage.

[1] Bunker weight includes excess moisture and foreign matter, whereas accounting weight excludes the two; therefore, the grain remaining on farms would be less than the implied 100 million tons.

On February 21, *Pravda* reported that Kazakhstan could now store more than 16 million tons of grain, but that elevators using modern technology for receiving and storage could accommodate less than 2.5 million tons. Kazakhstan's 1968 gross production of 19.5 million tons (bunker weight) not only caused grain to be piled on the ground but also necessitated the use of 300,000 railroad cars for hauling grain which are normally used for other purposes.

While USSR construction plans reflect the need for increasing storage capacity, construction continues to lag. The figures below show the extent of the construction deficit:

	Construction	
	Planned	Actual
	Million metric tons	*Million metric tons*
1959-65	8.1	4.6
1966-67	3.4	2.5
1968	1.9	1.26
1969	2.08	—

Of the elevator capacity planned for this year, 1,280,000 tons is planned for the RSFSR, the remainder for the other republics. Of the 1968 construction, 1,030,000 tons of capacity was added in the RSFSR.

The State Committee on Purchases summarized the magnitude of the problem by stating that there is a need to construct general grain storage capacity for 50 million tons, of which 35 million tons should be elevator storage.

Another Good Year for South African Citrus Output

In spite of drought, this year's citrus crop in South Africa is expected to slightly exceed the record crop of 1968—684,000 short tons compared with 683,252 tons. But good rains are urgently needed to establish next year's crop.

Citrus Board field officers found recently that in the citrus areas that have not had enough rain for the crop this year, irrigation has pulled it through the dry periods. The only hard-hit area—the Eastern Cape—is in a much better position than it was in 1968.

South Africa's 1968 citrus exports were the largest ever and their overall quality outstanding. The record exports were accomplished despite three big handicaps—sterling devaluation, French riots and strikes that disrupted sales, and a flood of Israeli oranges and grapefruit on European markets just when the South African season was getting into full swing. The $2.24 million that will be paid by the government to the citrus industry for losses resulting from devaluation is substantially smaller than first expected.

Total sales of oranges in Europe last year increased by 10 percent. The high sales in the United Kingdom were second only to those of 1967. Sales to France were higher than in 1967 and sales to the Benelux countries were more than double the 1967 figure—at higher average prices. Sales to Norway and Sweden, though small, also increased.

Sales of grapefruit were disappointing both in quantity and price, and 1969 prospects are not bright. The Israeli crop is expected to overlap again.

South African citrus promotion and advertising on the overseas markets will be stepped up this year, with special attention to the Benelux countries and France.

Reviewing the 1968 crop year, Citrus Board Chairman G. R. von Viejeren recently warned growers against new planting in view of world overproduction of citrus and the loss of "seasonal advantage." (Latest available figures for citrus plantings—for 1967—show about 8.8 million orange trees in South Africa, 956,000 grapefruit trees, and 292,500 lemon trees.) At present the only government assistance to the citrus industry is an indirect subsidy on fertilizer.

—Based on dispatch from H. R. VARNEY
U.S. Agricultural Attaché, Pretoria

Elevator Expansion in Canada

Alberta Wheat Pool's elevator in Vancouver Harbor—called the world's largest tidewater elevator—is to be given a 3-million-bushel annex, which will bring its total storage capacity to 10.3 million bushels of grain. Cost of the expansion has not been made public by Canadian sources.

The expansion is included in a 5-year improvement program now underway that will bring the pool's potential share of western grain exports up to 100 million bushels a year. It is also reported that the Alberta Pool plans improvements at its 1-million-bushel elevator at Victoria.

At the Vancouver elevator the channel is being dredged to accommodate vessels of up to 120,000 tons deadweight capacity.

—Dispatch from ALFRED R. PERSI
Assistant U.S. Agricultural Attaché, Ottawa

Agriculture Stabilizes in Eastern Europe

By ROGER E. NEETZ
Foreign Regional Analysis Division
Economic Research Service

Eastern Europe's socialist economies showed surprising strengths in 1968 despite weather adversities, restrictions on foreign trade, and tempered economic reforms. National income increased by 5 percent or more throughout the area, but slowdowns in the rate of increase were experienced by all countries except Poland.

Weather, particularly the long spring drought in the southern part of Eastern Europe, held back agricultural growth in the area. The higher tariff barriers imposed by the Common Market countries and the lingering effects of the devaluation of the British pound adversely affected foreign trade. The mid-August political crisis in Czechoslovakia also had a restraining effect on economic reforms during 1968. Economic goals for 1969 indicate only modest increases in national income, suggesting a cautious approach before moving into plans for the 1970's.

Sustained production levels

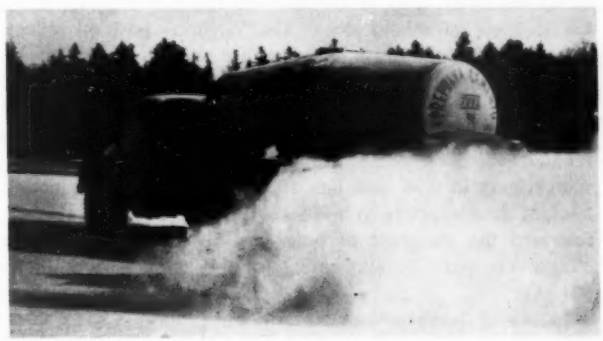
After 5 successive years of growth, agricultural production in Eastern Europe leveled off in 1968. The USDA index of net agricultural output showed no change for the area, but declines ranging from 3 to 12 percent developed in the Danubian countries of Bulgaria, Romania, and Yugoslavia. All of these countries experienced a prolonged drought that extended through May. Hungary, also in the drought-stricken zone, surprisingly showed no change in output from the 1967 level. In contrast, Czechoslovakia and Poland showed gains in net output of 5 percent. The slight decline in East Germany follows the exceptional harvest of 1967, but suggests that a plateau may have been reached for this decade.

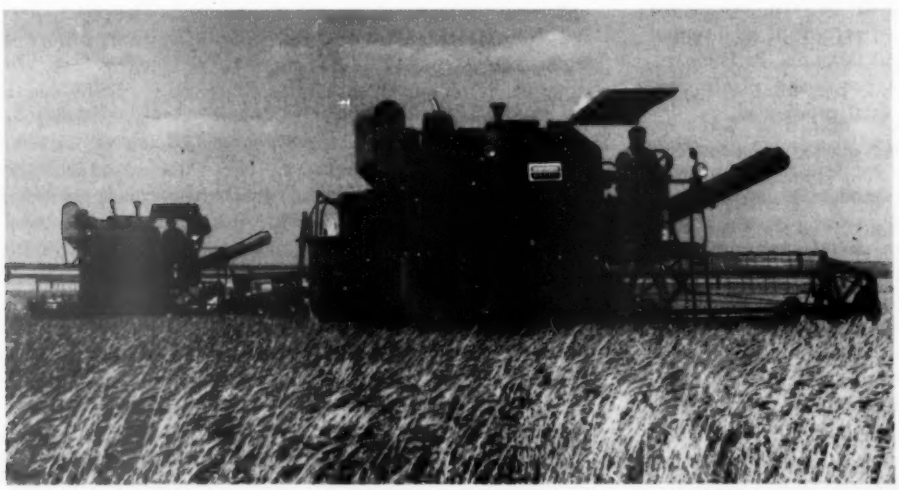
Despite the poor weather in major producing countries, total wheat production in Eastern Europe declined only 4 percent from the previous year's record 25 million tons. Sharpest reverses—22 and 17 percent, respectively—developed in Bulgaria and Romania, both exporting countries. Yugoslavia, an importer of wheat, reported a production decline of 9 percent from the peak 1967 level. But the major importing countries, Czechoslovakia and Poland, posted new highs in output—3.1 million tons and 4.6 million tons, respectively.

Production of feedgrains—barley, oats, corn, and miscellaneous grains—declined for the second successive year. Barley production was down 5 percent, oats 3 percent, and corn (the major feedgrain) was down 2 percent from the 1967 level and 18 percent from the 1966 record.

Other major crop developments during the 1968 agricultural year showed downturns for sugarbeets, cotton, and tobacco, and increases for potatoes and oilseeds. The varying patterns of output reflect the influence of weather, policy, and planned shifts in acreage. The sharpest cutbacks in sugarbeet acreage were noted in Czechoslovakia and Poland, which together produced 56 percent of the area's sugarbeets. The strong position of oilseed production in a drought year was the most significant crop development of the year. Total sunflowerseed production reached 1.6 million tons, 2 percent above 1967; only Bulgaria reported a decline. Poland's 8-percent increase in rapeseed production combined with the good sunflowerseed output in the southern countries is the major reason for the high oilseed output in 1968.

Without long-term improvements in technology, new emphasis on research and continued growth in fixed and working capital investments, it is unlikely that the countries affected





Above, winter application of chemical fertilizer in Czechoslovakia. After East Germany, Czechoslovakia was the second highest user of fertilizer in Eastern Europe in 1968. Left, combines harvest wheat in Bulgaria, which last year harvested a crop 22 percent lower than in 1967, the sharpest drop in wheat output in Eastern Europe.

by the drought—Bulgaria, Hungary, Romania, and Yugoslavia—could have achieved the success reported. The same type of program has pushed agriculture ahead more rapidly since 1965 in Poland and Czechoslovakia and served as a strong impetus for the steady agricultural gains in East Germany since 1963.

Currently East Germany is the highest user of fertilizer—246 pounds of plant nutrients per acre of arable land. It is followed by Czechoslovakia, which reported application rates of 166 pounds in 1968. Poland and Bulgaria are now applying 90 to 120 pounds per acre. Romania and Yugoslavia are still using less than 90 pounds per acre, but Hungary moved out of this lower range in 1968.

New irrigated areas are continually being developed in Bulgaria. Romania, Czechoslovakia, and Hungary. The 54,000 acre increase reported by Bulgaria in 1968 raised the total irrigated area to 2.7 million acres. Romania's irrigated area reached 1.2 million acres by the end of 1968. An additional 247,000 acres are planned for 1969.

Livestock product gains

Compared with the mixed pattern of field crop production, livestock product increases were consistently upward for the area. Total meat increased 3 percent, milk 3.8 percent, and butter 1.7 percent over 1967 levels.

Beef and veal increased most rapidly in Hungary and Poland—8.6 percent and 8.4 percent, respectively—and least in Yugoslavia. The strong gains in Poland are attributed to long-term policy aims to use available roughage reserves more efficiently, and in Hungary to the heavy slaughter of livestock on household plots. The Yugoslav position reflects to some degree the move to export live animals to circumvent the higher import duties placed on beef imports by Common Market countries.

Gains in pork production developed in all countries except Poland, where a decline of 2.5 percent followed heavier slaughtering in mid- and late 1967. A less than satisfactory level of feed supplies in 1968 compared with 1967 also accelerated the slaughter of hogs in Bulgaria, Romania, and Yugoslavia, partially accounting for the gains in pork made last year.

Increased poultry supplies for most countries in 1968 can be tied to farm policies that have encouraged the expansion of large-scale poultry operations in the socialized sector. Currently, these operations produce 40 percent of total output in Czechoslovakia, East Germany, and Bulgaria. In Hungary, Poland, and Yugoslavia large-scale processing plants contributed only 10 percent or less of total production.

Eating patterns

Concomitant with the increased production of livestock products is an upward shift in the availability and supply of quality foods in Eastern Europe. Food consumption in Czechoslovakia increased 7 percent in 1968 compared with 1967; this included all types of basic as well as luxury foods. Bulgaria reported per capita gains in meat, dairy products, and eggs. Poland's highest gains were for butter, fish and fish products, and eggs. Romania and East Germany reported higher total money incomes in 1968. The 37 percent of net family income spent on food in East Germany is the lowest percentage in Eastern Europe.

Eastern Europe imported $3 billion worth of agricultural products in 1967 and exported approximately $2.6 billion. Major importing countries were the high-income countries of Czechoslovakia and East Germany—averaging $750 million each—with Poland running close behind at the $600-million level. Hungary and Yugoslavia have been sizable importers in the past years, but the value of imports has decreased following the good harvest years of 1966 and 1967. Exporting countries in rank order are Bulgaria, Poland, and Romania, where the value of agricultural exports ranges from $400 million to $600 million. Hungary and Yugoslavia are also close to the $400-million level.

The largest share of Eastern Europe's agricultural imports is supplied by the Soviet Union. But an increasingly larger share of Eastern Europe's exports is moving to hard currency countries, and in particular, to Common Market countries. Grain imports for 1968 are currently estimated to be about the same as the 6.3 million tons reported for 1967, but a smaller proportion will be purchased from western countries. The good grain harvests in 1968 in the major importing countries—Czechoslovakia, East Germany, and Poland—also suggest that imports in 1969 will not change much from those currently estimated for 1968.

Exports of agricultural commodities to Western Europe, particularly meat, meat products, poultry, and vegetable oils and oilseeds, continue to be pushed despite the impediments placed on this trade. This drive to export reflects the emphasis given to exports of high-value products. Grain exports, also larger in volume in recent years, declined to an estimated 2 million tons from the record high of 4.3 million tons in 1967.

U.S. agricultural trade with Eastern Europe declined in 1967 to $144 million, down 38 percent from the 1966 level. Current estimates indicate a further decline in 1968. The drop in 1968 resulted from the lower volume of grain exports to Yugoslavia and Poland.

Prospects for 1969

Preliminary goals for 1969 suggest that continued strong investment support will be given to agriculture to carry out the outlined programs under the 1966-70 plans. Planned rates of agricultural growth for 1969 range from 16.6 percent for Bulgaria to 2 percent for Czechoslovakia and Poland. Bulgaria's sharp increase reflects the impact of the 1968 drought and does not signal a major breakthrough in output.

Commodity plans give no indication of any shifts in priority because of the 1968 drought. Winter wheat acreage, for example, is tentatively estimated to be only slightly higher for the area than in 1968.

Early census estimates for 1969 indicate that livestock holdings declined during the past year. Drought and feed shortages which accelerated the early slaughter of livestock, including sows, are factors accounting for this change in Bulgaria, Hungary, Romania, and Yugoslavia. This suggests that a slowdown or decline, particularly in meat production, could develop in the present year.

The outlook for U.S. agricultural trade with Eastern Europe has been dimmed somewhat by the strong return of the Soviet Union as an exporter to the region, especially of grains. The growing strength of self-sufficiency and the shortage of hard currency in the COMECON (Council for Mutual Economic Assistance) countries further reduce grain export opportunities in the area for 1969.

U.S. exports to Japan—

Performance Highlights in 1968 and 1969 Outlook

By GORDON S. NICKS
Assistant U.S. Agricultural Attaché, Tokyo

Exports of U.S. agricultural products to Japan in 1968 were valued at US$932 million, or 8 percent greater than in 1967 and second only to the record level of 1966 when farm goods worth $942 million were shipped from the United States to Japan. The excellent export performance of the United States in 1968 was partly because of heavy stockpiling by Japan in anticipation of the U.S. dock strike, which began December 20, 1968, and partly because U.S. agricultural products were available at competitive prices and qualities.

Record quantities of U.S. corn, soybeans, beef tallow, and hides and skins were exported to Japan in 1968. Near-record quantities of wheat were also shipped.

Two trends make Japan a leading world market for agricultural products and the U.S. farmer's best overseas customer. First, Japan's gross national product continues to expand at a real rate exceeding 13 percent per year, and per capita national income is also increasing rapidly. In other words, Japan has increasing ability to buy farm goods on the international market and expanding customer demand. Second, despite an overall increase in the country's farm output, Japan's agricultural self-sufficiency is declining about 1 percent per year. At present, Japan supplies about 75 percent of its own food and farm-product needs.

Commodity trade analyses

The United States is a leading supplier of a number of commodities Japan imports each year in large volume. The exports by the United States to Japan of such items in 1968, present stocks in Japan, and the U.S. sales outlooks for 1969 are examined in the following paragraphs.

Soybeans. Japanese imports of soybeans from all sources totaled a little over 2.4 million metric tons in 1968 and were 12 percent greater than in 1967. Imports from the United States were 2.0 million tons; most of the remainder was from Mainland China.

One reason for the upswing in 1968 purchases was stockpiling in anticipation of the U.S. strike of dockworkers. Another reason was the increased use of soybeans, chiefly in animal feeds. Only about 167,500 metric tons of soybeans were produced in Japan in 1968.

Soybean imports to Japan in 1969 will probably not be much greater than in 1968 even though utilization of soybeans is expected to increase about 5 percent. The difference will be made up from drawdown in present large stocks in the country. A factor that may give a slight push to imports is an expected 5-percent decline in domestic soybean production.

Feedgrains. Total corn imports from all sources in the 1968-69 marketing year (July-June) are forecast at 5.3 million metric tons, of which a record 2.6 million tons are expected to be from the United States. Corn imports from the United States in 1967-68 were 2.1 million tons.

Total imports of grain sorghum to Japan in 1968-69 are forecast at 2.4 million metric tons—of which the United States is expected to supply about 1.8 million tons.

U.S. corn has recently been a better buy than U.S. grain sorghum, and Japanese feed manufacturers, therefore, have substituted corn for grain sorghum in feed rations. As a result, imports of U.S. corn have climbed sharply during 1968-69 while imports of U.S. grain sorghum have fallen. In addition, a bumper crop of grain sorghum in Argentina has attracted Japan, and arrangements have already been made for delivery to Japan of nearly 500,000 metric tons of Argentine sorghum during the present marketing year.

Although recent Japanese purchases of feedgrains have been below average because of the present record-high stocks, the long-range prospects for imports of U.S. feedgrains are excellent owing to Japan's growing demand for animal feeds.

Wheat. Japanese wheat imports from all sources in 1968 were about 4 million metric tons, of which about 2 million were from the United States. Japan's total wheat imports for 1968 changed little from 1967 and thus apparently marked the end of an uninterrupted wheat-import climb that began in 1962 when Japan's total wheat imports were about 2.5 million metric tons.

Prospects for 1969 are that total wheat imports will again show little change. In the past, the U.S. share of Japan's wheat imports have generally been about one-half; but in recent months Japan has been taking increased quantities of the newer types of Australian hard wheats. Depending upon Japanese mill requirements and the policies of the Japanese Food Agency, some shift in supply patterns will probably occur.

Cotton. Japan's total cotton imports for the marketing year 1968-69 (August-July) are forecast by Japanese trade sources at 750,000 metric tons, or close to the 1967-68 level. Imports of U.S. cotton for 1968-69, though, are expected to be considerably below the 232,000 metric tons of the previous marketing year and are preliminarily estimated at perhaps as little as 150,000 tons.

Shortage in the United States in the 1968-69 marketing year until recently of medium to long staple cotton led to increased competition from Brazilian, Central American, Mexican, Soviet, and Middle Eastern cottons in Japan. But increased supplies and lowered prices of U.S. cotton should help the United States gain ground on Japan's cotton market.

Tobacco. Leaf imports from the U.S. in 1968 were 14,800 metric tons and were down from 18,200 tons in 1967. Decreased imports were the result of Japan's efforts to adjust leaf stocks to a more manageable level. Estimates are that 1969 leaf imports from the United States by Japan may exceed 16,000 metric tons.

Rice. Although in 1967 the United States exported 102,378 metric tons of rice to Japan, that country recently announced that it would loan 300,000 tons of rice to the Republic of Korea. Japan's reversal from a rice importer to an exporter is the result of bumper rice harvests in both 1967 and 1968. Its stocks are now expected to be nearly 5 million tons at the end of the 1968-69 rice year (November-October).

Japan's strategy affects import market

Competition to supply Japan's agricultural imports is becoming increasingly sharp—especially since Japan has adopted a trade policy designed to diversify its sources of agricultural

raw materials as well as its export markets for all types of manufactured products—including processed and semiprocessed agricultural commodities.

Evidence of the diversification policy became more pronounced in 1968 as both government and private trade interests stressed new agricultural development programs in countries in Southeast Asia. More than 20 Japanese trading companies teamed together to establish an organization that will provide technical and material assistance for feedgrain and oilseed production projects in neighboring countries. Individual trading companies also have started joint ventures with interests in Thailand and Indonesia. Governmental and semigovernmental agencies are sponsoring technical assistance programs in Indonesia, Thailand, and Cambodia—again emphasizing feedgrains and oilseeds.

Japan's diversification policy will provide a major hurdle to U.S. exporters of agricultural goods who want to expand their sales in the future.

In 1968 Japan's total merchandise trade balance with the United States, according to Japanese statistics, was about US$500 million in Japan's favor. This strong balance of payments position will be favorable to increased total agricultural imports in 1969 by Japan. However, U.S. farm goods must continue to have high quality and competitive prices to successfully meet the challenge of foreign exporters on Japan's farm-product market.

Israel Works To Expand Its Processed Tomato Markets

With rapidly increasing tomato production and an upsurge in the past few years of exports of processed tomato products, Israel would like to expand its tomato markets—especially for such profitable items as canned tomatoes, juices, and specialty sauces with high tomato content. The United States, which bought 25 percent of Israel's canned tomato exports in 1967, is one of its major export targets.

Tomato production for processed exports has had to overcome several obstacles in Israel: increasing labor costs, the poor processing characteristics of the most popular strain of tomato (Merrimond), and high local demand that tends to interrupt tomato flow to processing plants as soon as a temporary shortage for fresh consumption occurs.

The labor problem has been partly solved by the increasing use of mechanical picking and handling equipment; new strains of tomatoes suitable for processing are being grown; and production geared to local fresh use has adjusted itself so that it is relatively even around the year.

Israel's exports of tomato products have leapt from 2,441 metric tons (fresh tomato equivalent) in 1966 to 11,755 tons in 1968. And the f.o.b. value increased from US$243,600 in 1966 to $1,032,300 in 1968.

Export problems

Israel is faced with decreasing prices on the world market for processed tomato products—chiefly because of greater production in Portugal, Italy, and Mexico. Tomato paste and purée, the most common forms of processed tomato, have become relatively unprofitable because of oversupply.

Because of low world market prices, processors have persistently claimed that they can only export if the price they pay for tomatoes does not exceed about US$23 to $28.50 per ton. But growers are equally adamant that they cannot produce below a price of about $57 per ton. Since 1968 a subsidy has been paid by the Israeli Government for processing tomatoes destined for exported products. And the processing industry has agreed to pay slightly higher prices to farmers for tomatoes in return for strict contracts specifying times and quantities of delivery and penalties for not meeting the contract terms.

According to computations based on 1968 average export prices f.o.b. Israel, subsidy on raw material amounted to about 21 percent of the export price of canned tomatoes.

For the 1969 season, the processors have undertaken to handle 60,000 to 80,000 metric tons of tomatoes; 35,000 to 55,000 tons of this quantity are destined for export products. Although existing processing equipment in Israel could easily cope with such volumes, the actual amount processed will probably be considerably below the above estimate.

—Based on dispatch from JOHN R. WENMOHS
U.S. Agricultural Attaché, Tel Aviv

USDA Looks at Bulgaria's Farms

Among the Communist countries of Eastern Europe, Bulgaria has the most extensively socialized agriculture and has experienced the most rapid growth of farm output since World War II. Its location, topography, and climate facilitate agricultural diversification. Bulgaria depends heavily on agricultural exports, chiefly to the USSR and other East European countries. Experiments with economic reform, improved farm inputs, and higher farm prices have bolstered agricultural production in recent years.

The Economic Research Service of the U.S. Department of Agriculture has now published a short booklet, entitled *The Agricultural Economy and Trade of Bulgaria*, analyzing farm output, factors affecting farm production, and use of agricultural products in Bulgaria. Other subjects are farm organization, land use, marketing and pricing, and trade.

The booklet can be obtained from Publications Distribution, Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

Canada To Divert Potatoes

Canada has initiated a Federal program for diverting potatoes grown in its Atlantic region from the general market to starch production. In recent weeks surpluses have seriously depressed growers' prices.

The starch plants to which the potatoes will be routed are all in the Province of New Brunswick, and only farmers near the plants will participate directly in the diversion program. But the estimated removal of about 1,000 carloads of potatoes from the general market should help to stabilize prices throughout Canada's Atlantic region.

The Canadian program should also ease pressure on the U.S. potato market. When prices are low in Canada growers there try to sell on the east coast of the United States, where their goods are in direct competition with Maine potatoes.

—Based on dispatch from EUGENE T. OLSON
U.S. Agricultural Attaché, Ottawa

Major Competitors Promote Farm Exports

In the search for agricultural export markets, finders are not necessarily keepers. It often takes as much imagination and effort to hold onto a valued old market as to win a lucrative new one. In the article that follows, Foreign Agriculture *discusses some of the techniques used by three competitor countries—Australia, Canada, and Denmark—which are especially active in developing and maintaining foreign markets for their farm and food products.*[1]

Vigorous Australian Push

Australia, with a heavy though decreasing dependence on exports of agricultural products (70 percent of total exports in 1965-66; 59.3 percent in 1967-68), has long been geared for the farm export trade; and its overseas sales push is a strong cooperative effort. Nine of its agricultural marketing boards—those for meat, wheat, apples and pears, canned fruits, dried fruits, wine, eggs, dairy produce, and honey—are concerned primarily with exports. Its Wool Board makes a large and growing contribution to the International Wool Secretariat, the body responsible for export promotion of wool the world over.

There is also an Overseas Trade Publicity Committee, financed by equal contributions from the marketing boards and from the Commonwealth Government (which, however, assumes 75 percent of the OTPC's administrative costs). This Committee's expenditures go for publications and display, fairs, store promotions, advertising, and general public relations work, including promotional campaigns in special areas with the marketing boards.

Work of the marketing boards

The Meat Board gets its funds from a levy on livestock slaughtered. It maintains offices in London, New York, and Tokyo from which it administers market development activities such as publicity, promotion and research programs, and technical services. The Board's program in the United Kingdom underwent a change of emphasis in 1967-68 as Australian meat exports to that country declined for the second year; the promotion of fresh meat products was played down, and that of canned meats was stressed through in-store promotions and a national press advertising campaign using the theme "All the best from Australia." Last October, portion-controlled steaks from Australia were launched in London, and sales at the wholesale level showed noticeable progress.

The Wheat Board does not engage in consumer promotion activities; it relies instead on direct contact with traditional or potential customers, though it has contributed increasing amounts to a flour export promotion fund maintained jointly with the Flour Mill Owners' Association and the Commonwealth.

The Apple and Pear Board is supported by a levy of 2.5 Australian cents per box or equivalent on apple and pear exports. It maintains an office in London. Its publicity expenditures went for campaigns covering the United Kingdom, West Germany, Sweden, Denmark, France, Singapore, and Hong Kong.

The Canned Fruits Board has had the fastest growing budget of any of the marketing boards and has used it to capture larger shares of the European market. The Board has strongly supported individual canners' brand promotion campaigns through advertising and general promotion including in-store programs.

The Dried Fruits Control Board, like a number of the other boards, maintains a London office and makes a large part of its promotional expenditures in the United Kingdom, with considerably smaller investments in Ireland, on the Continent, and in New Zealand and Japan. It is financed principally by export levies of A$2.24 per ton on sultanas, currants, and raisins. A major item of expense was the Board's contribution to the U.K. Joint Publicity Campaign.

The Egg Board derives income mainly from export levies on all eggs and egg products exported from Australia other than those exported by the Board itself, as well as from moneys deducted from the purchase price of the Board's own egg exports. In 1967-68, the levy fund was at a disastrously low point, however, and administrative expenses had to be covered by increased deductions.

Promotion is carried out on a person-to-person basis, by Board representatives talking to foreign buyers. Success met the Board's efforts to promote eggs in the shell in the United Kingdom and on the Continent; exports increased from 4.4 million dozen to 6 million dozen. In Japan, frozen whole egg pulp and separated pulp were well received; Japan's 1968 purchases topped those of the United Kingdom and appear to set it up as a principal buyer for Australian eggs.

The Dairy Produce Board is financed by a levy totaling 53 Australian cents per hundredweight of 112 pounds on butterfat used by factories in the manufacture of butter, butteroil, butter powder, cheese, and ghee. From offices in London and in Kobe, Japan, it maintains associations with various organizations for promotion and has achieved outlets for Australian dairy products in Indonesia, Singapore, Bangkok, Manila, and Hong Kong. It carries out its overseas promotional programs principally through the OTPC and through the Butter Information Council and the Cheese Bureau.

The Honey Board, still financed by a levy of A$0.40 per pound, held its biggest promotion campaign in the United Kingdom, with the aid of OTPC, the Commonwealth Government, and the Trade Commissioner. Joint commodity programs featuring Australian honey involved some 30,000 retail outlets in Britain. Honey was featured for the first time in 345 "Fine Fair" supermarkets and 408 self-service stores, with continuing improvement in sales.

In Scotland, a special 36-outlet promotion pushed Australian honey sales from an average of 108 jars per week to 4,709 jars per week; the retail group wants a return visit.

Besides the activities just mentioned, Australia pushed its food products in a limited number of trade fairs and shows in West Germany (ANUGA, Cologne), the United States (Los Angeles and New York), Kuwait, Malta, Peru, and New Zealand. —Based on dispatches from FRED M. LEGE III

U.S. Agricultural Attaché, Canberra

[1] See also *Foreign Agriculture*, March 17, 1969, which describes the efforts of U.S. competitors in the three top U.S. markets for farm products—the United Kingdom, Japan, and West Germany.

Canada Strong in Promotion

Canadian expenditures for foreign market promotion are made primarily by the Federal Department of Industry, Trade, and Commerce and by autonomous national marketing agencies such as the Canadian Wheat Board. These two organizations spend by far the largest portion of Canada's market development total.

Federal Government activities

In Canada, the Department of Agriculture plays only a supporting, informational, and consultant role, while the Department of Industry, Trade, and Commerce carries out the agricultural export promotion activities through its Trade Commissioner Service. There are usually, however, at least 10 specialists in agriculture among the 200 trade commissioners who are overseas; and all members of the Service receive training in agricultural promotion and maintain a supply of informational materials at Canadian foreign missions. Publications are an important part of Canadian agricultural trade promotion; a regular series of booklets on Canada's agricultural sectors is being issued for the use of the overseas commissioners and their staffs.

Currently, the Departments of Industry and Trade and Commerce are being amalgamated. While there will apparently be little superficial difference in the way export promotion is handled, it is reasonable to assume that agribusiness interests and the promotion of processed foods will get increased attention in the future, with more trade missions going out to look for possible areas of export expansion.

During 1968 the Agriculture and Fisheries Branch took part in eight overseas trade fairs: The Ideal Home Show, London; the International Fur Fair, Frankfurt; Scotland's Food Exhibition, Glasgow; the Super Market Institute Show, Cleveland; the Feria Internacional del Campo, Madrid; the Regional Food Fair, Leicester, England; the IKOFA Fair, Munich; and the Plymouth Trade Festival, Plymouth, England. For 1969, participation currently is slated for seven fairs: Repeat visits to London and Frankfurt; the Special Food Exhibition, Tokyo-Osaka; the ANUGA Food Exhibition, Cologne, Germany; and three U.S. shows—the Super Market Institute Show at Atlantic City; the Pacific Fine Foods and Beverages Fair, Los Angeles; and the American Commercial Exposition, Boston.

Incoming trade missions for 1968 included two on dairy and beef cattle—one from Spain, another from East Europe and a group from Guatemala studying Canadian dairy cattle stock. A delegation from Romania was introduced to the Canadian seed potato industry for a study of production, handling, and shipping like one that a South African mission made in 1967.

For 1969, the Department has scheduled beef cattle missions from Latin America and Western Europe and a dairy cattle group from Latin America.

The only outgoing agricultural trade mission in 1968 was an oilseed mission to Western Europe. For 1969, another such mission, this time to the Far East, is planned, plus a separate food products mission to the same area.

Provinces, special groups

The Ontario Department of Agriculture and Food promotes exports through the Ontario Food Council and its Ontario House in London. The Food Council, which took part in three trade fairs during 1968, has available a group of 24 food exporters for market development missions such as one to Trinidad, Barbados, Nassau, Jamaica, and Bermuda last year.

The Quebec Department of Industry and Commerce plans food displays and trade missions in the United States and in other countries, particularly French-speaking ones, where it maintains representation. Manitoba has an active program of market development, publication, in-store promotion, and trade fair participation.

A number of quasigovernmental boards and agencies have control over specific regional and/or product lines. Some, such as the Canadian Wheat Board, have been fully autonomous in export promotion. The Wheat Board's promotional activities are funded from an account derived from previous grain sales; it finances outgoing trade missions, liaison activities overseas, and a number of incoming grain missions. Beginning this year, the newly organized National Grains Council will promote wheat, feedgrains, and oilseeds.

The Alberta and Saskatchewan Wheat Pools are active in the itineraries of visiting trade missions. The Ontario Flue-Cured Tobacco Growers Marketing Board sent a committee to the United Kingdom, Belgium, the Netherlands, and Czechoslovakia last year to promote Canadian tobacco. The Ontario Milk Marketing Board watches over the export promotion of Canadian Cheddar cheese in Great Britain; and this cheese has lost little, if any, ground in the U.K. market despite the anxieties created by devaluation.

Other marketing organizations investing money last year in market development overseas included the Canadian Horticultural Council (for apples in Britain); the Beef Cattle Breed Association; and the Dairy Cattle Breed Association.

—Based on dispatch from EUGENE T. OLSON
U.S. Agricultural Attaché, Ottawa

Danes Continue Export Push

Total 1967-68 funds for foreign market promotion of Danish agricultural products amounted to the equivalent of $9.5 million—$6 million from the government and the remainder made available by Danish agriculture.

Denmark's Agricultural Marketing Board sent a stand in the form of a fullrigged ship to the Berlin Green Week show last January, under the slogan "En route to the Common Market." This year's exhibit was a copy of the famous Tivoli Gardens in Copenhagen. Both aroused lively interest among Berliners, who are among Danish agriculture's best customers.

The average Berlin consumer bought four times as much food from Denmark in 1967 as the average Briton and six times more than the West German consumer outside of West Berlin. Despite increased sales of Danish cheese, butter, and bacon compared with the 1967 Green Week, Denmark is asking itself whether to continue its participation in these large German exhibitions, in view of its difficult situation with the Common Market and the resultant heavy deficit balance with West Germany. The Board and the main Danish agricultural organizations are considering alternatives such as Danish weeks or separate Danish exhibitions like the ones in Britain.

As compensation for the reduced possibilities in the West European market, promotion activities were begun last year in Prague, Belgrade, Bucharest, and Sofia to introduce Danish

agricultural products in the special "dollar shops" in the East European countries.

The Board's "traveling ambassador for agriculture" visited various parts of East and West Africa during 1968, and in 1969 he plans to concentrate on the Congo, Nigeria, Ghana, Libya, and Australia.

The Agricultural Marketing Board's budget for 1969, at no increase, will support a staff of about 80 persons to carry out market promotion in 50 of the 130 countries where Danish agricultural products are sold. Largest share of the funds will go to the overseas marketing offices; next come foreign exhibition activities, public relations in connection with traditional promotion, and "industrial-political" public relations in West Europe.

Danish food center

Among the overseas activities for 1969 is a new Danish food center just opened in Glasgow to join the ones already operating in London and Manchester. The sponsoring organizations are the Danish Bacon Factories' Export Association and the Federation of Danish Dairy Associations.

Cheese promotion in the United States and Canada emphasized Danablue, as previously. In Sweden, six to eight "Caroline girls" talk Danish cheese about 30 weeks of the year. In West Germany, the Danish dairy industry's information office in Dusseldorf has advertised over television and in consumer and trade magazines, besides arranging Danish-German butter and cheese testings and many in-store promotions.

In the United Kingdom, the Danes have stressed their own food exhibits such as "Denmark in Britain 1968"; they have also made thorough use of advertisements, demonstrations, market surveys, and special campaigns. If it is possible to exceed at success, the Danes may be said to have done that in a recent butter promotion in Britain. With a first-time nationwide offer of a free butter dish, they had to halt redemptions at one million. The Danes later set up another competition for a quarter of a million disappointed British butter customers.

Promotion in Italy has concentrated on cheese, especially advertising in cinemas—250 of them during a 3-month period. In Japan, the Cheese Export Board has intensified its shop demonstrations for Danish natural cheese.

—Based on dispatch from ARTHUR M. ROLLEFSON
U.S. Agricultural Attaché, Copenhagen

U.S. Wheat Food Demonstrations in the Philippines

As part of its promotion campaign for U.S. wheat in the Philippines, Western Wheat Associates, USA, has developed an active program of wheat food demonstrations for teachers, homemakers, and students. WWA nutritionist Elizabeth Roca is pictured at left conducting a recent demonstration which was requested by St. Mary's College near Manila for their home economics students and for nuns who teach homemaking in the Provinces.

Soybean Trusteeship Formed

A trusteeship named the American Soybean Institute is being formed with representation from all elements of the U.S. soybean industry to coordinate market development efforts for U.S. soybeans and soybean products abroad.

The American Soybean Association and the National Soybean Producers Association have dissolved the 13-year-old Soybean Council of America and established the trusteeship. While growers will form a majority on the board of the new trusteeship, processors, handlers, and general farm organizations will be active participants and support it fiancially.

Using this financial support, the trusteeship will contract with qualified associations, organizations, or individuals (for example, the American Soybean Association) which plan and administer market development programs, including those in cooperation with FAS.

Brazil Promotes Its Coffee

Brazil has launched a broad promotional campaign at home and abroad to expand its coffee markets. The domestic advertising program began March 29 and the international promotion on April 4 in Paris.

The Brazilian Coffee Institute (IBC), which is carrying out the campaign, has set its sights on increasing domestic coffee consumption from 8.8 million bags to 11 million per year. The campaign within Brazil began with coordinated radio, television, and newspaper advertising throughout the nation aimed mostly at young people, stressing the "stimulating effects" of coffee.

In its overseas effort the Institute plans to promote Brazilian coffee in a number of nontraditional markets such as Japan, some of the Socialist countries, and Asia Minor countries, as well as Canada, the United Kingdom, France, and the United States. The IBC has invited 120 representatives from roasting firms in various countries to visit Brazil. The first delegation, comprising representatives from the United States and Canada, arrived March 20.

The advertising campaign in France, conducted by an international trade firm in agreement with the Brazilian Coffee Institute, is aimed at increasing French coffee consumption and making substantial changes in flavor preference. The Institute is looking for greater acceptance of Brazilian beverage coffee in French blends and a consequent increase in imports of Brazil's coffee.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, Netherlands, with comparison to one week earlier and one year ago, are as follows:

Item	April 15	Change from previous week	A year ago
	Dol.	*Cents*	*Dol.*
Wheat:	*per bu.*	*per bu.*	*per bu.*
Canadian No. 2 Manitoba ..	1.94	+1	2.02
USSR SKS-14	1.87	0	1.92
Australia Prime Hard	1.86	0	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	1.88	0	1.88
15 percent	1.90	+1	1.96
U.S. No. 2 Hard Winter 14 percent	1.87	0	
Argentina	1.80	0	1.89
U.S. No. 2 Soft Red Winter.	1.69	+1	1.62
Feedgrains:			
U.S. No. 3 Yellow	1.40	+2	1.31
Argentine Plate	1.41	+1	1.44
U.S. No. 2 Sorghum	1.31	−4	1.42
Argentine-Granifero	1.18	+1	1.33

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.
[1] Not quoted.

Nepal's Sugar Output Increases

Nepal's sugar production in 1969 is currently estimated at 8,165 metric tons, an increase of 80 percent over 1968 production of 4,536 tons. Because of the poor sugarcane crop in 1968, Nepal had to import additional amounts of sugar to meet domestic consumption needs. The Nepalese Government has reportedly ordered the Birgunj Sugar Mill, Nepal's largest, to sell its sugar in the domestic market rather than exporting at higher prices due to continued sugar shortages throughout the country.

The government-owned Birgunj Sugar Mill, built with Soviet aid, reports increased production during this year's sugar milling season. The mill operated for 66 days and produced 5,000 metric tons of sugar compared to 1,555 tons in 1968. This mill has a capacity of 100 metric tons of sugar per day or 15,000 tons per year based on an operational period of 5 months (November through March). The other major sugar mill in Nepal, the privately owned Morang Sugar Mill at Biratnagar, has also reported an increase in production in 1969, 2,200 metric tons versus 1,400 tons in 1968.

Argentina's Short Honey Crop

The 1969 honey crop (harvested Dec. 1968—March 1969) is an estimated 34.2 million pounds, compared with 30.9 million in 1968 and a more normal 77.2 million in 1967. The main reason for the short 1969 crop was dry weather.

Stocks are believed to be about depleted. Domestic consumption is expected to be about 12 million pounds in 1969, leaving an exportable surplus of 22.2 million. The wholesale price in drum is 71 pesos per kilo (equivalent to 8.5 U.S. cents per pound).

Argentina's honey exports during January-November 1968 were 22.4 million pounds, down from the 56.8 million exported during the same period of 1967.

U.S. and U.K. Cocoa Grind Down

U.S. cocoa bean grindings during the first quarter of 1969 totaled 152.7 million pounds, down 8.4 percent from the corresponding period a year earlier when grindings amounted to 166.7 million pounds.

U.K. cocoa bean grindings for the January-March period were 23,800 long tons (53.3 million pounds), a reduction of 4.8 percent from the similar 1968 period.

Greece Expands Sugar Industry

The Agricultural Bank of Greece has extended a loan of approximately $3.4 million to the Greek Sugar Industry S.A., to finance the expansion of its sugar refineries at Larissa and Platy. An additional $1 million will be provided for expansion of these refineries by German credits. The Greek Sugar Industry S.A. also has tentative plans for expanding its third refinery at Serres, but to date, no definite decision has been reached.

The refineries at Platy and Larissa produced an estimated 42,000 and 40,000 metric tons of sugar, respectively, in 1968. Total production for the country in 1968 was 117,000 metric tons. The expansion of these refineries will provide for a 50-percent increase of their facilities. Upon completion of the expansion, the refineries could add an additional 41,000 metric tons to Greece's total sugar production and lower the gap between production and domestic consumption. There has been a marked increase in the industrial utilization of sugar in recent years and Greece has been importing 40,000 to 50,000 metric tons annually to meet domestic needs.

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during February 1969 totaled 50,250 long tons, an increase of 10,605 tons over last year. Of the total, 21,300 tons moved to the United States, a decrease of 4,495 from February 1968.

Coconut oil exports for February 1969 were 14,638 tons, up from the 8,655 shipped a year ago. Shipments to the United States totaled 10,200 tons, against 8,275 last February. Cumulative January-February 1969 coconut oil exports were 24,678 long tons, with 14,431 moving to the United States.

Cumulative Philippine exports of copra and coconut oil on an oil equivalent basis for January-February totaled 88,190 tons or slightly above the 87,454 exported in the same 2 months a year ago.

Desiccated coconut exports during February 1969 totaled

3,580 short tons with 2,385 tons moving to the United States. In the comparable period a year ago, exports were 3,462 tons, of which 3,088 came to the United States.

South African Cotton Output Up

Cotton production in the Republic of South Africa is officially estimated at a record of 100,000 bales (480 lb. net) in 1968-69 (August-July), compared with 70,000 bales in each of the 3 previous years and the 1960-64 average of 48,000 bales. These estimates also include all cotton produced in Botswana and Swaziland. The sharp production increase is attributed to a considerable acreage increase in the Vaalharts irrigated area and to smaller increases in the northern Transvaal and Natal areas. Reportedly about 30 percent of the cotton acreage in South Africa is irrigated. Total area devoted to cotton in 1968-69 is estimated at 90,000 acres, up from 85,000 acres a year earlier and the 1960-64 average of 59,000 acres. Average yield this season is 533 pounds, an increase of 38 pounds from the previous season.

Consumption of cotton in 1968-69 is estimated at 225,000 bales, about the same as a year earlier but significantly higher than the 1960-64 average of 131,000 bales. Total imports are expected to be around 125,000 bales in 1968-69, compared with 140,000 in 1967-68, and a record of 177,000 bales in 1966-67. Brazil is the largest supplier of cotton imported into this country, followed by the United States. Imports from Brazil and the United States in 1967-68 were 69,000 and 34,000 bales respectively.

South African cotton exports have totaled around 5,000 bales in recent years.

U.K. Estimates Canadian Flue-Cured

The British Tobacco Advisory Committee usually estimates its requirements of Canadian grown flue-cured leaf and indicates such needs to the Flue-cured Tobacco Growers' Board ahead of the crop.

The British Tobacco Advisory Committee indicated earlier this month that it will need approximately 62 million pounds of the 1969 Canadian flue-cured tobacco crop.

In the long range forecast for 1970 the British tobacco industry has indicated that it will require between 53 million and 58 million pounds of Canadian leaf. British officials indicate that this conservative estimate may be adjusted upward next spring if 1969 market conditions remain normal.

The United Kingdom market for Canadian leaf increased substantially following the United Nations sanctions on Rhodesian trade.

Rhodesian Tobacco Sales

The Rhodesian Tobacco Marketing Board has announced that sales of flue-cured tobacco began on the Salisbury auction floors on Monday, March 31. Because of the United Nations sanctions against Rhodesian trade, the sales are secretly conducted and no information is made available to the public.

Producers of burley tobacco have been advised that sales of their leaf will begin on April 17; farmer deliveries to the auction floors began March 31.

The current crop of Rhodesian flue-cured tobacco is estimated at about 132 million pounds—down one-third from the 1967 crop. Burley production is estimated at about 4 million pounds, down 20 percent from the previous crop.

Australia Tobacco Leaf Quota

The Australian leaf marketing quota for the 1970 season will be 31 million pounds compared to the present quota of 28.5 million pounds. This increased quota approved by the Australian Tobacco Board on March 15, 1969, is to be allocated among the producing States of Queensland, Victoria and New South Wales in the same proportion as for the present quota. Some agriculture officials report that a further increase in the quota level may be needed to insure that the tobacco industry is able to operate on a fully economic basis.

U.S. Meat Imports Subject to Quota

U.S. meat imports subject to quota restrictions in February totaled 50.4 million pounds. This level of imports was 31 percent less than for the same period in 1968 when imports totaled 72.6 million pounds. Imports during January-February period totaled 92.3 million pounds, down 40 percent from the same 2 month period a year earlier.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
(P.L. 88-482)

Imports	February	Jan.-Feb.
	Million	*Million*
1969:	*pounds*	*pounds*
Subject to Meat Import Law [1]	50.4	92.3
Total beef and veal [2]	60.0	111.9
Total red meat [3]	85.7	149.3
1968:		
Subject to Meat Import Law [1]	72.6	153.4
Total beef and veal [2]	79.4	168.2
Total red meat [3]	115.8	241.3
1967:		
Subject to Meat Import Law	58.5	135.9
Total beef and veal [2]	64.2	147.2
Total red meat [3]	97.6	210.0

[1] Fresh, chilled and frozen, veal, mutton and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

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Dairy Production and Imports Middle Eastern Style

Lebanon's 52,000 cows, 325,000 goats, 35,000 sheep, and the undetermined number of buffalo being used for dairying in 1968 produced, respectively, an estimated 75,000 tons, 33,000 tons, 5,000 tons, and 200 tons of milk. Total milk production for 1968 was 113,200 tons—up from 1967 production figures although the number of animals being milked had decreased.

About three-fourths of all fresh milk produced in Lebanon is used for human consumption. About one-fourth is processed, either in factories or on farms, into a variety of dairy products—some of them distinctively Middle Eastern. According to Lebanese dairy industry estimates, domestic milk quantities used in 1968 for various products were: 500 tons of milk for 20 tons of butter made in factories; 4,000 tons of milk for 800 tons of white soft cheese, half made on farms and half in dairy plants; 1,650 tons for cream, nine-tenths processed in dairy plants; 3,000 tons of milk for 100 tons of animal ghee, all made on farms; 5,250 tons of milk for 5,000 tons of laban (yoghurt)—3,000 tons made on farms and 2,000 tons in factories; 4,000 tons of milk for 1,000 tons of labneh (yoghurt concentrate), half made on farms and half in dairy plants; and 9,000 tons of milk used for ice cream, pastry, and cooking.

But Lebanon's domestic production does not satisfy demand for certain products, and the country is a net importer of dairy goods. Local demand is advancing more rapidly than local output.

As yet, no official figures are available for 1968 imports; but in 1967 dairy shipments into the country were: whole dried milk, 6,572 tons; nonfat dried milk, 50 tons; cheese, 7,000 tons; cream and evaporated and condensed milk, 568 tons; butter, 2,322 tons; and animal ghee, 769 tons.

The pattern of imports is revealing not only of local tastes but also of world dairy trade situations. For example, butter imports are high and will probably get higher because of the low prices of butter imports both from Western European and Communist countries. Cheap butter has sharply lowered imports of animal ghee, which has traditionally been imported from neighboring countries, such as Syria and Turkey.

Whole dried milk, a large-quantity dairy import, is used chiefly in making laban and labneh and to some extent in manufacturing white soft cheese. But import of dried milk for cheesemaking has dwindled because lower priced, higher quality soft cheese from East European countries is sold widely in Lebanon.

Cheese is one of Lebanon's most important categories of dairy imports. Trade sources believe white soft sheep cheese is about 50 percent of annual cheese imports—all from East European countries. About 20 percent of cheese shipped into Lebanon is processed cheese—mainly from Western Europe. Another 20 percent is kashkawal—a yellow, Gruyere-type cheese made from sheep's milk and originating in Eastern Europe. All other types are only 10 percent of cheese imports.

Programs and projects

Several programs are underway to encourage milk production and processing in Lebanon. In one, Lebanon's Animal Production Office plans to set up three complete milk receiving and chilling plants of U.S. equipment in north, central, and south Lebanon to insure a steady supply of sheep milk from surrounding farmers for processors in the large coastal cities. The sheep milk will be purchased at a support price from farmers, tested, chilled, and shipped the same day to processing dairies.

A somewhat novel project is a mobile cheese-processing unit sponsored by the UN Food and Agriculture Organization, the Danish Government, and the Lebanese Government. The plant can handle 1 metric ton of fresh milk a day. The plant follows the large sheep flocks as they move seasonally from one pasture area to another and provides sheep owners with a local disposal point for their milk at a fixed support price. The unit is set up to produce a local type of soft sheep cheese (Halloum), which will be sold to the Lebanese wholesale dairy trade. A prime purpose of the project is training farmers in better methods of cheese production.

A joint Hungarian-Lebanese project is a plant for the production of processed cheese in small packages for both domestic consumption and export to other countries in the Middle East. The plant is expected to start production in the second half of 1969, and its annual output will be about 2,000 tons.

A government move in early March of this year may affect future imports of some dairy products. An embargo was placed on imports of fluid milk of all types and prior licensing was required of imports of dried milk. Trade sources consider the import embargo on fluid milk unreasonable and hope that it will be removed later in 1969.

—Based on dispatch by WILLIAM HORBALY
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